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# J. Harris and Sons Limited

INTERIM REPORT TO  
SHAREHOLDERS



FOR THE PERIOD ENDED  
June 20, 1970

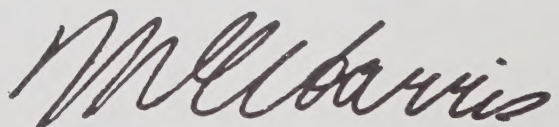
## PRESIDENT'S REPORT TO THE SHAREHOLDERS

I am pleased to present the Report of your Company's operations for the first half of the 1970 fiscal year.

There are no real estate division sales reflected in the Consolidated Statements as sales in this division are ordinarily closed in the last quarter of the year. We have recently completed three buildings in London's Westmount subdivision and have made agreements to sell these three buildings. We are also well advanced on two buildings in Chatham and already have investor interest in these buildings. We now have approval from a mortgage lender for our condominium development in London and are proceeding toward a start in the next two months. Although tight money and difficult mortgage conditions have slowed down our program in 1970, we can predict a profitable year for our real estate subsidiary.

I am also pleased to announce that the claim for \$166,000 against one of our suppliers, which adversely influenced our earnings in the last quarter of 1969 and the first half of 1970, was favourably settled this July and will be reflected in subsequent earnings.

As I informed you in the President's report to the Shareholders in the Annual Report for 1969, the first half of this year would not be that promising but that a combination of substantially-reduced overhead and non-recurring expenses in the first half, as well as the usual concentration of construction activity in the summer and autumn seasons would swell the earnings in our construction divisions considerably over last year's. This prediction is proving to be correct. After an extremely slow start in the first months of the year, the month of June was the most profitable month in the company's history. The present backlog of work on hand should assure us of very satisfactory profits for the second half of the year and an excellent improvement in earnings for 1970 over 1969.

A handwritten signature in dark ink, appearing to read "M. E. Harris", written in a cursive, flowing style.

Milton E. Harris,  
President.

**J. HARRIS & SONS LIMITED**  
**\*CONSOLIDATED STATEMENT OF EARNINGS**  
**for the six months ended June 20, 1970 with 1969 comparisons**

	<u>1970</u>	<u>1969</u>
Gross Revenue .....	\$4,190,729	\$4,766,699
Operating Expenses .....	4,086,738	4,644,427
Earnings Before Depreciation and Taxes on Income .....	\$ 103,991	\$ 122,272
Earnings Per Share .....	11.9¢	14.0¢
Depreciation .....	\$ 102,968	\$ 93,497
Earnings Before Taxes on Income .....	\$ 1,023	\$ 28,775
Taxes on Income .....	300	7,000
Net Earnings .....	\$ 723	\$ 21,775
Shares outstanding at end of period .....	873,800	873,800
Earnings Per Share (Based on total shares outstanding) .....	.1¢	2.5¢

**\*CONSOLIDATED STATEMENT OF SOURCES AND  
APPLICATION OF FUNDS**  
**For the six months ended June 20, 1970 with 1969 comparisons**

	<u>1970</u>	<u>1969</u>
Source of Funds:		
Net Earnings for Period .....	\$ 723	\$ 21,775
Add—Charges not requiring an outlay of funds		
Depreciation .....	102,968	93,497
Deferred Expense Amortization .....	7,282	7,292
	\$ 110,973	\$ 122,564
Proceeds from Issue of Common Shares..		348,850
	\$ 110,973	\$ 471,414
Application of Funds:		
Additions to fixed assets (net) .....	\$ 34,316	\$ 131,608
Provisions for payment on long term debt .....	16,422	15,473
Dividends paid and declared .....	27,306	53,268
Expenses on issue of common shares ....		11,180
Reduction in deferred taxes .....	23,000	
	\$ 101,044	\$ 211,529
Increase in working capital .....	\$ 9,929	\$ 259,885
Working capital at beginning of period .....	922,081	777,580
Working capital at end of period .....	\$ 932,010	\$1,037,465

\*unaudited



